PPL EnergyPlus, LLC
Bidder Conditions

The Bidder's offer to provide standard offer service at the prices described in its Bid Price Proposal is made subject to the acceptance by the Commission of the following conditions as expressly stated herein, without modification except upon the written agreement of the Bidder. The Commission's order designating the Bidder as a standard offer provider (the "Provider") shall expressly incorporate each of the conditions stated herein (the "Order").

Upon such acceptance and designation, the Bidder's resulting rights and obligations as Provider shall consist of (i) the applicable and material provisions of Maine law and regulations, and provisions of the RFP; (ii) the Order, incorporating the express conditions of this Bid Price Proposal; and (iii) the Standard Offer Provider Standard Service Agreement (together with all Exhibits, the "Agreement") described below (collectively, the "Standard Offer Obligation"). In the event of any conflict or inconsistency between the terms and conditions of the Order and any other terms and conditions described above, the terms and provisions of the Order shall prevail and be given priority. Subject to the foregoing, the several documents and instruments forming the Standard Offer Obligation are to be taken as mutually explanatory of one another and in the case of ambiguities or discrepancies within or between such parts the same shall be explained and interpreted, if possible, in a manner which gives effect to each part and which avoids or minimizes conflicts among such parts.

- Bid Price Proposal Expiration Date. The Bidder's Bid Price Proposal shall remain effective and binding until the close of business on **July 25, 2012**. If Bidder receives the Commission's Order (in redacted form deleting the name(s) of other winning bidders) designating the Bidder as the Provider before the close of business on **July 25, 2012**, T&D and Bidder shall, no later than **July 27, 2012**, execute final, definitive documentation regarding the Standard Offer Obligation and any other obligations awarded to the Bidder by the Commission (such documentation to be substantially in the form agreed to by the Bidder, T&D and the Commission prior to the submission of Bidder's Bid Price Proposal and containing subsequent non-substantive changes mutually agreed upon by the Bidder, T&D and Commission).

- Confidentiality of Bidder Identification. The Commission agrees not to reveal the identity of the Bidder (except to the T&D utilities) prior to the date that is two (2) weeks after the date of the Order designating Bidder as Provider.

- Increased Costs Associated With Change in Law.

  If the Maine legislature or the Commission enacts, promulgates, adopts, alters, modifies or waives[1] any law, rule or regulation that relates to the provision of standard offer service or the provision of competitive electric service in general after the date hereof, or if the definition of the applicable SOS class, as presently defined in Chapter 301 of the Commission's rules, changes (a "Change in Law") and such Change in Law materially increases the Provider's cost to provide standard offer service, Provider shall recover such increased costs in accordance with paragraph (a) or paragraph (b) below, as applicable. Provider shall provide the Commission and, if applicable, the Maine Legislature with a calculation of its increased costs as soon as

[1] Except for opt-out fee waivers granted by the Commission pursuant to its January 24, 2001 "Order Adopting Rule and Statement of Factual and Policy Basis" (Docket No. 2000-904).

practicable after becoming aware of a Change in Law or consideration by the Commission or the Maine Legislature of a Change in Law.

(a) If the Commission finds that Provider's calculation reasonably reflects its increased costs, the Commission shall increase the price of standard offer service paid by retail standard offer customers at the time a Change in Law becomes effective or take other action so that Provider recovers increased costs in accordance with Provider's calculation.

(b) If the Commission does not find that Provider's calculation reasonably reflects its increased costs, the Commission may increase the price of standard offer service paid by retail customers or take other action such that Provider recovers increased costs in accordance with the Commission's calculation. In this event, Provider may invoke binding arbitration of the increased cost amount by notice to the Commission. Any such arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except as otherwise provided herein. A final arbitration decision shall be rendered no later than ninety (90) days after the date on which Provider provides notice to the Commission that it has invoked arbitration. From and after the date of Provider's arbitration notice and until the conclusion of any such arbitration proceeding pursuant to final decision of the arbitrators, Provider may elect to, upon written notification to the T&D and Commission, recover from the T&D the difference between the increased cost amount as calculated by Provider and the amount being paid to Provider in respect of such increased costs. If the amount awarded pursuant to such arbitration is materially less than the amount recovered by Provider from the T&D in respect of the Change in Law during the pendency of the arbitration, Provider shall refund such difference to the T&D, together with interest on such difference calculated at a rate equal to the lesser of (i) eighteen percent (18%), and (ii) the maximum rate permitted by applicable law.

Notwithstanding the foregoing, if upon receipt of reasonable prior direct notification of a proposed Change in Law, Provider fails within the time prescribed in such notice to inform the Maine Legislature or the Commission, pursuant to applicable procedures identified in such notice, of the impact that a Change in Law under consideration would have on Provider's cost to provide standard offer service, Provider shall not be entitled to cause the Commission to undertake action with respect to its increased costs or to engage in arbitration proceedings with respect thereto as provided in clause (a) or (b) above.

Basic Understandings:

(a) It is understood that in the event that provision of standard offer service is determined by the Federal Energy Regulatory Commission (FERC) to be FERC jurisdictional:

(i) Absent the agreement of all the Parties to the Standard Offer Provider Standard Service Agreement to the proposed change and approval of the change by the Maine Public Utility Commission, a change to any rate, charge, classification, term or condition of the is Agreement, whether proposed by a party (to the extent that any waiver in subsection (ii) below is unenforceable or ineffective as to such party), a non-party or FERC acting sua sponte, may be made only if the entity seeking the change demonstrates that such change is required by the "public interest" in accordance with United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S.

332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) and clarified by Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish 554 U.S. __ (2008) and NRG Power Marketing LLC v. Maine Public Utility Commission, 558 U.S.____(2010) (the "Mobile-Sierra" doctrine).

(ii) In addition, and notwithstanding the foregoing subsection (i), to the fullest extent permitted by applicable law, each party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the parties, it being the express intent of the parties that, to the fullest extent permitted by applicable law, neither party shall unilaterally seek to obtain from FERC any relief changing the rate, charge, classification, or other term or condition of the Agreement, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this subsection (ii) shall not apply, provided that, consistent with the foregoing subsection (i), such change may be made only if the entity seeking the change demonstrates that such change is required by the "public interest" as set forth in the foregoing section (i).

- Termination by Provider. In the event of a default on the part of the T&D which results in termination of the SOP Agreement, or an unlawful or arbitrary action by the Maine Legislature or the Commission or other action by the Commission (other than as a result of a Provider Default) as a result of which Provider ceases to receive payment for standard offer service at the rate and upon the terms specified herein and in the Agreement or Provider is removed as the standard offer provider or ceases to retain the right to provide standard offer service for the entire term specified herein, Provider shall have the right (among other remedies if applicable) to terminate its obligation to provide standard offer service, the exercise of which shall terminate all of Provider's SOP Obligations, including the SOP Agreement and Provider Guarantor's obligations under the Guaranty. The parties' payment of termination damages in the event of such a termination shall be calculated and recovered pursuant to the relevant liquidation provisions of the SOP Agreement, with Provider being the Non-Defaulting Party for these purposes. For purposes of such calculation, Provider's loss shall not include any consequential or indirect damages.

- Termination by Commission. The unexcused occurrence of either of the following events shall constitute a "Provider Default": (i) Provider fails to satisfy its Load Asset obligations for the applicable Load Assets in the ISO-NE market settlement system (or its equivalent obligations in any successor market settlement system), as a result of which the T&D or other third party is obligated to assume responsibility for all such market settlement obligations; or (ii) Provider fails to perform any other of its material obligations under the Standard Offer Obligation in accordance with the requirements thereof, and the Commission, after notice and opportunity to be heard, finds that the failure justifies removal of Provider as the standard offer provider, and all Provider's SOP Obligations shall terminate. In the event of a Provider Default, the T&D (subject to the Commission's approval) shall have the right (among other remedies if applicable) to terminate its obligation to accept standard offer service, the exercise of which shall terminate all of the T&D's obligations under the SOP Agreement. The parties' payment of termination damages in the event of such a termination shall be calculated and recovered pursuant to the relevant liquidation provisions of the SOP Agreement.

Notwithstanding any provision to the contrary in the Standard Offer Obligation, the Commission shall not, nor shall it permit the T&D to, take any remedial action against the Provider or the Provider Guarantor (as such term is defined in the SOP Agreement) as a result of a failure or default of Provider (including action(s) described in Section 8.2 of the RFP and Section 9 of Chapter 301) unless such event constitutes a Provider Default.

- Security: The Commission shall find that the guaranty of PPL Energy Supply, LLC, a Delaware limited liability company ("Provider Guarantor"), delivered to the Commission with the Bid Price Proposal (the "Guaranty") satisfies Provider's initial financial capability requirements under Maine law, regulations, the RFP and any other Standard Offer Obligation provision (notwithstanding a Change in Law).